

# **BANKING AND FINANCIAL SERVICES**

***“Financial Readiness Means Mission Readiness”***



# Objectives

- ▶ Review types of financial institutions and the services they provide
- ▶ Determine the type of checking account you need and learn how to manage it
- ▶ Explain state and military ramifications of bounced checks
- ▶ Complete a class exercise



# What Is a Check?

Robert W. Larkin 123 Main Street Anywhere, US 12345		280
		19 DO-5678/1234
PAY TO THE ORDER OF		\$
		DOLLARS
ANY BANK IN USA Anytown, Anystate		
MEMO		
⑆ 1 2 3 4 5 6 7 8 9 0 1 2 2 3 3 4 4 5 5 ⑈ 280		

## A Promise to Pay



# Personal Accounts

- ▶ **Individual**
  - ▶ Only one person may write checks on this account
- ▶ **Joint**
  - ▶ More than one person may write checks on this account
- ▶ **Interest or Non-Interest**
  - ▶ Some accounts pay interest on the balance



# **Business Accounts**

- ▶ **One, two or more people are authorized to write checks for the business they represent**
- ▶ **More than one signature may be required on all checks written**



The background of the slide is a collage of US dollar bills, including \$100 and \$500 bills, rendered in a light blue/purple tint. The bills are overlapping and slightly blurred, creating a sense of depth and financial abundance. A white rectangular box with a thin red border is centered on the slide, containing the main title.

# **Shopping for a Financial Institution**

***“Financial Readiness Means Mission Readiness”***



# Types of Financial Institutions

- ▶ **Credit Union**
- ▶ **Bank**
- ▶ **Savings & Loan Association**
- ▶ **Mutual Savings Bank**



# Checking Account Considerations

- ▶ **Hours and location**
- ▶ **Statements**
- ▶ **Truncating**







# Minimum Requirements

- ▶ **Minimum opening deposit**
- ▶ **Average monthly balance to avoid fees**





# Services

- ▶ **Checking**
- ▶ **Savings**
- ▶ **Loans**
- ▶ **Life insurance**
- ▶ **Investments**
- ▶ **Money Orders**
- ▶ **Certificates of Deposit (CD's)**
- ▶ **Cashier's Checks**
- ▶ **Wire Transfers**
- ▶ **Notary Public**
- ▶ **Safety Deposit Boxes**



# **Insured Accounts**

- ▶ **Checking and savings accounts are insured by a federal agency (FDIC, NCUA, etc.)**
- ▶ **Current limit is \$100,000 per account holder, not per account**
- ▶ **Does not apply to money market or mutual fund checking accounts**



# Interest Rates

- ▶ Paid on savings accounts, CD's and investment products
- ▶ Charged on loans, including credit cards
- ▶ Always use Annual Percentage Rate (APR)
- ▶ Shop around for the best rates



# Cost

- ▶ **Service charges**
- ▶ **Check order costs**
- ▶ **Costs per check**







# Overdraft Protection

- ▶ **Availability**
- ▶ **Cost**
- ▶ **Type**





# Fees

- ▶ **Insufficient fund check fees**
- ▶ **Returned check fees**
- ▶ **Minimum balance fees**
- ▶ **Fees for research assistance**
- ▶ **ATM use fees**
- ▶ **STOP payment fees**



# Sample Check

Robert W. Larkin  
123 Main Street  
Anywhere, US 12345

280

19 DO-5678/1234

PAY TO THE ORDER OF \$

DOLLARS

ANY BANK IN USA  
Anytown, Anystate

MEMO

⑆ 1 2 3 4 5 6 7 8 9 0 1 2 2 3 3 4 4 5 5 ⑆ 280

10



# Check Writing Errors

- ▶ **Illegibility**
- ▶ **Empty spaces**
- ▶ **Only filling in numbers**
- ▶ **Not signing check**
- ▶ **Not signing name as it appears**



# Check Writing Errors

- ▶ **Not lining through after dollar amount**
- ▶ **Initializing errors**
  - ▶ **Void the check!**
- ▶ **Writing in pencil/erasable ink**





# Check Register

1 CHECK #	2 DATE	3 ITEM DESCRIPTION	4 PAYMENT/ DEBIT (-)		T	FEE (-)	5 DEPOSIT/ CREDIT (+)		6 BALANCE	
									366	24
122	10/7	AAFES	46	54					319	70
123	10/5	Fresh Food Store	22	31					297	39
	10/15	Mid-month Deposit					312	00	609	39
124	10/17	Safety Insurance Co.	49	25					560	14
125	10/25	Walnut Furniture Co.	301	08					259	06
126	10/30	Watt Electric Co.	17	50					241	56



# Expensive Mistakes

- ▶ **Not subtracting ATM fees or service charges**
- ▶ **Post-dating checks**
- ▶ **Splitting check pads between joint account holders**
- ▶ **Writing checks before money is in the bank**



# Expensive Mistakes

- ▶ **Not balancing monthly statement**
- ▶ **Not recording checks written in the register**
- ▶ **Addition/subtraction errors**
- ▶ **Not subtracting automatic deductions e.g., loan payments, insurance premiums, car payments, etc.**



# Deposit Slip (front)

## DEPOSIT TICKET

DATE April 15 1997

ANY BANK IN USA  
Anytown, Anystate

CHECKS AND OTHER ITEMS ARE RECEIVED FOR DEPOSIT SUBJECT TO THE PROVISIONS OF THE UNIFORM COMMERCIAL CODE OR ANY APPLICABLE COLLECTION AGREEMENT

⑆ 1 2 3 4 5 6 7 8 9 ⑆ 0 0 1 1 2 2 3 3 4 4 5 5 ⑆ 0 0 1

CASH		
LIST CHECKS SINGLY	450	00
TOTAL FROM OTHER SIDE		
TOTAL	450	00
LESS CASH RECEIVED		
TOTAL ITEMS	NET DEPOSIT	450 00

USE OTHER SIDE FOR  
ADDITIONAL LISTING

BE SURE EACH ITEM IS  
PROPERLY ENDORSED



# Deposit Slip (back)

CHECKS	LIST SINGLY	DOLLARS	CENTS
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
TOTAL			

ENTER TOTAL ON THE FRONT OF THIS TICKET





# Endorsements

- ▶ **Blank**
  - ▶ Jane R. Smith
- ▶ **Restrictive**
  - ▶ for deposit only  
Jane R. Smith
- ▶ **Special**
  - ▶ Jane R. Smith  
Pay to the order of Robert L. Jones



# Funds Availability

- ▶ **First business day after deposit**
  - ▶ **Cash**
  - ▶ **First \$100 of check**
  - ▶ **Government, cashier, and certified checks**
  - ▶ **Same bank checks**



# Funds Availability

- ▶ **Second business day after deposit**
  - ▶ Local bank checks
- ▶ **Fifth business day after deposit**
  - ▶ Out-of-town checks



# Automated Teller Machines

- ▶ **Withdrawals**
- ▶ **Deposits**
- ▶ **Balance information  
(NOT reliable)**





# ATM Tips

- ▶ **Protect PIN**
- ▶ **Record transaction in register**
- ▶ **Plan withdrawal**







# **Debit Cards / Check Cashing Card**

- ▶ **Works just like a check**
- ▶ **Immediate deduction from account**
- ▶ **Enter in register**
- ▶ **Does not offer the legal protections of a credit card**
- ▶ **Use a PIN-based card vs. a signature card for safety**



# PC Banking

- ▶ **Check for:**
  - ▶ **Availability**
  - ▶ **Delays**
  - ▶ **Fees**
  - ▶ **Security**





# Bounced Check Laws

- ▶ **Laws vary from state to state**
- ▶ **Fines, jail time**
- ▶ **Loss of privileges (AAFES, Commissary)**
- ▶ **Some foreign countries have harsh penalties**



# **Ramifications of Bouncing Checks**

- ▶ **Embarrassment**
- ▶ **Hefty service charges**
- ▶ **Inability to have a checking account due to unsatisfactory history**



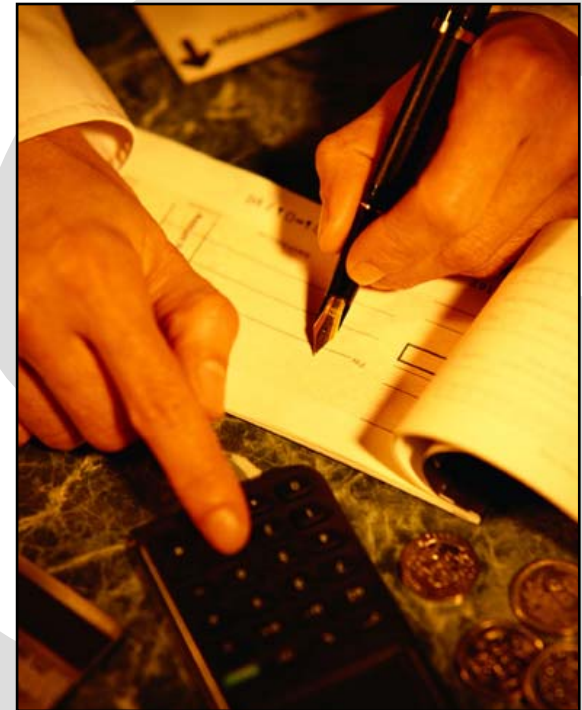
# **Military Ramifications**

- ▶ **Punishable under UCMJ Articles 123A & 134**
  - ▶ **Maximum punishment ranging from dishonorable discharge to five years confinement at hard labor**
- ▶ **Other than Honorable (OTH) discharge**
- ▶ **A consideration when recommending for retention, duty assignments, and security clearances**



# Impact on Credit Rating

- ▶ May be reported to Credit Reporting Agency (CRA)
- ▶ Impact on future credit purchases





# **\$ Alternatives to Checking Accounts**

- ▶ **Use debit cards**
- ▶ **Use money orders to pay bills**
- ▶ **Disadvantages are additional costs**
- ▶ **Payday loans**





# Couples & Money Management

- ▶ Who has primary responsibility?
- ▶ Separate checking accounts
- ▶ Splitting check pads
- ▶ Do what works





# Changing Financial Institutions

- ▶ Most retailers prefer, or require, local accounts
- ▶ Open up new account after you transfer
- ▶ Transfer DDS and automatic withdrawals



# Where to Complain

- ▶ **Customer service representative**
- ▶ **Branch manager**
- ▶ **Bank president**
- ▶ **State banking regulatory agency**
- ▶ **Federal Reserve Board of Governors**
- ▶ **BBB**
- ▶ **Litigation**



# **Other Sources of Help**

- ▶ **Your First Sergeant**
- ▶ **Unit Financial Specialist**
- ▶ **Family Support Center**
- ▶ **Legal Office**
- ▶ **Armed Forces Disciplinary Control Board**
- ▶ **Air Force Aid Society**



# Summary

- ▶ **Types of accounts and financial institutions**
- ▶ **Bounced check laws**
- ▶ **Military ramifications**